HAW PAR BROTHERS INTERNATIONAL LTD. & ANOR. *a*

v.

JACK CHIARAPURK & ORS.

HIGH COURT, SINGAPORE
CHAO HICK TIN J
[SUIT NO. 1060 OF 1990]
1 MARCH 1991 *b*

CONTRACT: *Joint venture agreement - Expansion and organisation of business - Defendant was party to the joint venture agreement - Manufacture of similar product - Owners of goodwill and confidential information - Fiduciary duty.*

CIVIL PROCEDURE*: Balance of convenience - Assessment of damages - Circumstances of each case.* *c*

CIVIL PROCEDURE: *Passing off action - Whether plaintiff has locus standi - Granted exclusive rights to joint companies - Arguable issue.*

TORT: *Passing off - Trade Marks - Get up - Similarity - Likely to mislead or cause confusion - Associated exclusively with plaintiff's business.* *d*

The 1st plaintiff, HP, is the owner of the Tiger Brand, TB, trade marks (the said trade marks) and their business includes the manufacture, sale and distribution of Tiger Balm products in various parts of the world.

On 22 October 1971, a joint venture agreement, JVA, was entered between HP, Chia Holdings (HK) Ltd, CH, and the 1st defendant, D1 for reorganisaton and expansion of the said trade mark business of HP. Two companies were incorporated, HPEAT in Singapore and HTPBI in Hong Kong (the joint companies); HP and CH held equal shares in the joint companies. DI was appointed the managing director and chief executive of the joint companies. HP transferred its shares to the 2nd and 3rd defendants, D2 & D3 whereby all the parties agreed to be bound by the JVA. D3 is subsidiary of D2 and D1 has substantial shareholding in D2. *e*

Pursuant to the JVA, the joint companies were given licence agreements for the manufacture, marketing and distributing of the TB products in certain countries and certain companies controlled by D1 were also engaged to manufacture the TB products for the joint companies at costs plus 15%. The JVA was to expire in December 1991 and D1, D2 and D3 were notified in 1990 that the JVA would not be extended. *f*

In March 1990, D5 a wholly owned subsidiary of D2, issued a price list for the new balm, LB, which products were manufactured by D4, a company controlled by D1's group of companies, and being distributed in West Malaysia by D6, a company similarly controlled. In Singapore, the LB products were being imported and distributed by D5. *g*

The plaintiffs commenced proceedings against the defendants for injunctions and damages for beach fiduciary duty as regards certain confidential information, breach of contractual obligations and passing off. An interim injunction was granted on 22 June 1990 restraining the defendants from manufacturing or dealing with the LB products, passing of the LB products as TB products or acting in breach of the fiduciary duty and contractual obligations under the JVA or making unlawful use of confidential information acquired by D1 in his capacity as MD and CE of the joint companies in the production of TB products. The defendants applied to set aside the interim injunction. In addition, the defendant argue that *h* *i*

the plaintiffs have no *locus standi* to sue for passing off since the plaintiffs have granted exclusive right to manufacture and sell TB products in Malaysia and Singapore to the joint companies and therefore the only party who can commence such an action are the joint companies.

Held:

[1] (a) Looking at the terms of the JVA, there is a fiduciary relationship between the participants to the JVA or there is at least an arguable case for it;

(b) Where information provided is to be considered as confidential, its use and disclosure under general law is to be limited to the purpose for which the information is given;

(c) having regard to the express provisions in the JVA and the licence agreements which specifically refer to confidential information, it is not possible for the Court at this interlocutory stage, without hearing oral evidence, to rule that the D1 has not imported any confidential information.

[2] (a) Under Clauses 1(g), 2, 10 12, 16 and para. 6 of the JVA, it is abundantly clear that D1, D2 and D3 are contractually bound to refrain from doing any act or engaging in any activities which would include the manufacture of any product which is colourably similar to that of the TB products;

(b) there is nothing in the JVA or in any other related agreements which expressly precludes D1 from engaging in other businesses; however, it lies ill in the mouth of D1, while he remains the MD that he is entitled to be involved in ventures or activities which will directly effect the sales and profits of the joint companies.

[3] Although there are some differences in detail in the two get-ups, these differences are not sufficient to avoid confusion or deception and the defendants have not explained why the get-up of the LB products has to be in so many ways similar to those of the TB products.

[4] It is not necessary for pasing-off that every part of the get-up should be imitated. In the present case the adoption of a phonetically similar Chinese name for LB further aggravates the situation - although a careful purchaser would be able to differentiate between the TB and LB products, that is not an answer to an action for passing off if people are deceived or are likely to be deceived. The obligation is on the defendant to show that he has taken steps to ensure that there will be no confusion.

[5] Having seen the jars in which the two products are sold to the public, there is no doubt that the similarity is likely to cause confusion or to cause the retail vendor to deceive the ultimate purchaser as the get-up of the LB products is similar that the TB products especially when it is noted that the two products are manufactured, distributed and sold by D1 group of companies. It is sufficient if the evidence shows that there is such similarity as to be calculated to cause confusion in the mind of the public. There is a reasonably strong case by the plaintiffs that the peculiar get-up of the TB products has become associated exclusively with the plaintiff's business.

[6] At this stage of the proceedings, the Court need not give a firm decision on the issue of the plaintiff's *locus standi* in relation to the action for passing-off - it is certainly an arguable point whether the plaintiffs have *locus* to institute the action and that would suffice; in the circumstances the plaintiffs have a protectable goodwill as there is a serious question to be tried.

[7] In relation to the claim on breach of contract and/or breach of fiduciary duty, there can be no question that as owners of goodwill and confidential information, the plaintiffs are entitled to an order to restrain the first three defendants from acting in breach of contract or fiduciary duty and in relation to D4 to D6 are concerned, to restrain them from assisting the first three defendants to breach their obligations.

[8] The plaintiffs, as persons whose interests as shareholders is one of the joint companies would be affected by the conduct of D1, may apply under s. 409A of the Companies Act for an injunction restraining D1 from engaging in conduct which constitutes a contravention of the Act, for example, ss. 157(1) and (2).

[9] On the issue of balance of convenience and damages. Taking into account the special circumstances of the present case, namely the fact that both the plaintiffs and D1 and D2 are parties of substance and good for their undertaking and that the plaintiffs are public listed companies and considering that the defendant have of their own free will deliberately chosen to manufacture a new product in direct competition with TB and with a get-up which is likely to confuse or deceive, the Court ought not to allow the defendants to carry on causing confusion even assuming that the damages which the plaintiffs would suffer could be fairly calculated. Although the Court should not stifle business competition, such competition must be fair and no undue advantage taken.

[Interim injunctions to continue until trial.]

Cases referred to:
Alfred Dunhill v. Sunoptic S A [1979] FSR 337
American Cyanamid v. Ehticon [1975] AC 396
Boots Co. Ltd. v. Approved Prescription Services Ltd. [1988] FSR 45
Cadbury Ltd. v. Ulmer G.m.b.h. [1988] FSR 385
Dent v. Turpin [1861] 2 J & H 139
Fisons Ltd. v. EJ Godwin Peat Industries Ltd. [1976] RPC 653
In Re Coca-Cola Co. [1986] WLR 695
John Haig & Co. v. Forth Blending Co. Ltd. [1953] 70 RPC 259
Lock v. Lynam [1854] Ir Ch 188
Metric Resources Corporation v. Leasemetrix Ltd. [1979] FSR 571
Payton & Co. v. Snelling, Lampard & Co. [1899] 1 RPC 48
Reckitt & Colman Ltd. v. Borden Inc. [1990] 1 WLR 491
R.J. Elliott & Co. Ltd. v. Hodgson [1902] 19 RPC 518
Schweppes Ltd. v. Gibbens [1905] 22 RPC 601
Star Industrial Co. Ltd. v. Yap Kwee Kor [1976] FSR 256
Terrapin Ltd. v. Builders Supply Co. (Hayes) Ltd. [1967] RPC 375
Torrington Manufacturing v. Smith & Sons Ltd. [1966] RPC 285
United Domonions Corp. Pty. v. Brian Pty. Ltd. [1985] 59 ALJR 676
Warnink v. Towend & Sons [1979] AC 731
White Hudson v. Asian Organization [1965] 31 MLJ 186
William Edge & Sons Ltd. v. William Nicolls & Sons Ltd. [1911] AC 693

Legislation referred to:
Companies Act [Sing], ss. 157(1), (2) 409A

For the plaintiffs - Micheal Burton QC (Koh Juay Kheng with him)
For the defendants - Micheal Fyeh QC (Tan Tee Jim with him)

JUDGMENT

Chao Hick Tin J:

The 1st plaintiff was and is the owner of the Tiger Brand trade marks and their business includes, *inter alia*, the manufacture, sale and distribution of the Tiger Balm products in various parts of the world.

On 22 October 1971, a joint venture agreement (JVA) was entered into between the 1st plaintiff, Chia Holdings (HK) Ltd. and the 1st defendant with a view to re-organizing and expanding the Tiger Brand trade marks business of the 1st plaintiff. Pursuant to the JVA, two companies were incorporated, one in Singapore, Haw Par Eng Aun Tong Pte. Ltd. (HPEAT) and the other in Hong Kong, Haw Par Tiger Balm International Ltd. (HTPBI) (hereinafter collective called the "joint companies"). The 1st plaintiff and Chia Holdings (HK) Ltd. held equal shares in the joint companies. In accordance with the JVA, the 1st defendant was appointed the Managing Director and Chief Executive of the joint companies and is still holding that appointment.

The 1st plaintiff subsequently transferred its shares in the joint companies to the 2nd plaintiff. Chia Holdings (HK) Ltd. similarly transferred its shares in the joint companies, HPEAT and HPTBI, to the 2nd and 3rd defendant respectively. All the transferees (that is, 2nd plaintiff, 2nd and 3rd defendants) have agreed to be bound by the JVA as if they were original parties thereto. The 1st defendant has substantial shareholdings in the 2nd defendant. The 3rd defendant is a subsidiary of the 2nd defendant.

Under the JVA, the 1st plaintiff agreed to grant licences to the joint companies for four consecutive periods of five years each, commencing 1 January 1972, to use the Tiger Brand trade marks and to manufacture, market and distribute the Tiger Brand in the ASEAN countries, Hong Kong, Macau, Burma, Japan, Korea, the Pacific Island and all countries in the Middle East. Accordingly licence agreements were concluded between the 1st plaintiff and the joint companies. Pursuant to the JVA certain companies controlled by the 1st defendant were also engaged to manufacture the Tiger Brand products for the joint companies at costs plus 15%. There is no provisions in the JVA for its renewal beyond December 1991.

By separate letters dated 7 November 1989, the 2nd plaintiff drew the attention of the 1st, 2nd and 3rd defendants that the JVA would expire on 31 December 1991 and also gave notice to them that the JVA would not be renewed or extended beyond 31 December 1991. The plaintiffs also said that months prior to that letter oral indications were given to the said defendants that the JVA would not be extended. Though there were some discussions to extend the JVA, including one involving the chairman of the 1st plaintiff and the 1st defendant personally, they were not fruitful.

The plaintiff alleged that in February 1990, they heard from market sources that the 1st defendant and the companies which he controlled would be launching a new balm product in Singapore and Malaysia. In early March 1990, one Mr. Donald Chia, who is the general manager of the joint companies (and who is also a son of the 1st defendant) informed the President and Chief Executive Officer of the 1st and 2nd plaintiffs, one Dr. Hong Hai, that the 1st defendant and his companies would be launching a new balm product. However, the plaintiffs were not told that this balm would be in direct competition with the Tiger Balm products and would have a similar get-up.

On 5 March 1990 it would appear that the 5th defendant, a wholly owned subsidiary of the 2nd defendant, issued a price list for the new balm, known as the Golden Lion Shield Balm (hereinafter called "the Lion Balm"). The Lion Balm products were being manufactured by

the 4th defendant, a company controlled by the 1st defendant's group of companies, and were being distributed in West Malaysia by the 6th defendant, a company similarly controlled. In Singapore, the Lion Balm Product were, prior to the interim injunctions obtained by the plaintiffs in these proceedings, being imported and distributed by the 5th defendant.

The plaintiffs say that as a consequence of this new product, the sales of the Tiger Balm products carried out by the joint companies were and are going to be adversely effected. Not only has the 1st defendant raised the prices of the Tiger Balm products in January 1989 and also in February/March 1990 and made them less competitive *vis-a-vis* the Lion Balm products, the 1st defendant has also failed in his duty to promote the sales of the Tiger Balm products.

The plaintiffs allege that the Lion Balm products adapt, imitate and copy the get-up of the Tiger Balm products. The plaintiffs further contend that the Mandarin pronunciations of the Lion Balm and the Tiger Balm are phonetically very similar and are likely to cause confusion in the market especially when both products are manufactured, distributed and sold by the 1st defendant's group of companies. Tiger Balm in Mandarin is called "Wan Yin You" and Lion Balm "Wan Jin You". The plaintiffs also complain that the ingredients used in the manufacture of the Lion Balm products are substantially the same as those used for the manufacture of Tiger Balm products.

The plaintiffs aver that the launching of the Lion Balm is intended to compete unfairly with the Tiger Balm products, contrary to the spirit and intent of the JVA where the joint venture partners are expected to use their best endeavours to maximize the profits of the joint companies. Of relevance in this regard is the document entitled "Heads of Agreement" dated 1 November 1977 (HA) which was executed by the parties in order to overcome certain disputes which arose between the parties in the implementation of the JVA, in particular, para. 6 thereof.

By a letter dated 15 May 1990 from the plaintiffs' solicitors to the 1st defendant, and copied, to *inter alia*, the 2nd defendant and the 3d defendants, the said defendants were asked to stop all infringing acts and were warned that unless the demand was complied with within 14 days, legal action would be taken. The 1st defendant and his companies replied through their solicitors in a letter dated 29 May 1990. In it the defendants, while admitting that they were manufacturing and selling Lion Balm products, denied that they were guilty of any infringing act and made the following points:

(i) The get up features of the Tiger Balm products were not unique but were common to the trade in such products. Reference was made to other balm products which bore common get-up feature, for example, "Pahking Balm", "Star Lion Head", "Pochun Balm".

(ii) The profits of HPEAT had not slipped; indeed for the first 4 months of 1990, it went up by eleven fold when compared with the corresponding period of 1989. Similarly for HPTBI, the profits there for the same period went up by almost three fold.

(iii) In 1989, the plaintiff made direct contacts with the sub-distributors of the joint venture companies, causing confusion.

(iv) The increase in prices for the Tiger Balm products in early 1989 was made with the concurrence of the plaintiffs' nominee who served as the chairman of the board of the joint companies. There was no sinister motive in the price increase.

(v) At the meeting between Mr. Donald Chia and Dr. Hong Hai in March 1990, the question of further co-operation between the two groups were explored.

(vi) The 1st defendant's companies had not used any confidential information of the plaintiffs in the manufacture of the Lion Balm products.

In reply dated 13 June 1990, the solicitors for the plaintiff refuted the allegations of the defendants. They said that based on published account there was a significant drop in the sales and profits of the two joint companies. They also said that the contacts made by the plaintiffs with the sub-distributors were intended to assure them that the Tiger Balm products would continue to be supplied to them after the JVA had expired. Such contacts would not have caused confusion and whatever confusions, if existed at all, was caused by the emergence of the Lion Balm products in competition with the Tiger Balm products especially when both products involved the same manufactures, distributors and sales personnel. As Dr. Hong Hai had then just joined the Haw Par group, his meeting with Mr. Donald Chia was to enable him to meet the partners in the joint venture and also to create better rapport and smoothen the takeover when the JVA expires in December 1991. The plaintiffs' solicitors reiterated that the 1st defendant has acted against the letter and spirit of the JVA and has breached his duty as Managing Director and Chief Exective of the joint companies in launching the Lion Balm products. The letter noted that while it was true that the plaintiffs agreed to the increase in price of the Tiger Balm products, but that was in ignorance of the fact that the defendants would be undercutting those prices with competitive products of their own. The letter ended with an intimation that the plaintiffs intended to proceed to institute legal proceedings against all the defendants and that the plaintiffs would also be seeking interlocutory relief unless the defendants gave an undertaking to cease, pending trial, the manufacture and sale of the Lion Balm products.

There was a further reply on 20 June 1990 by the defendants' solicitors to the letter of 13 June 1990 disputing some of the matters stated therein. I do not think I need to touch on those points as they are not relevant to the present stage of the proceedings. If at all they show disputes on fact.

On 19 June 1990 the plaintiffs issued the present writ against the defendants, claiming for injunction and damages. On 22 June 1990, on an *ex parte* application, the Court granted interim injunctions against the defendants. I do not think I need to set out the entire order. Suffice it if I should just set out that portion relating to the 1st defendant, as the injunctions against the other defendants are subject to the necessary modification, along similar lines:

1. The 1st defendant by himself, his servants or agents or otherwise be restrained, and an injunction is hereby granted restraining him until further order from doing or from causing, procuring or permitting the 2nd, 3rd & 4th, 5th or 6th defendants to do any of the following acts:

   (i) manufacturing, packaging, exporting, distributing, offering for sale, selling, supplying, disposing promoting by advertisement or otherwise dealing in any way in the Golden Lion Shield Balm Products;

   (ii) passing off or attempting to pass off or causing, enabling or assisting others to pass off Golden Lion Shield Balm products as or as connected with the Tiger Balm Products;

   (iii) acting in breach of fiduciary duty or the fiduciary or contractual obligations pursuant to agreements in writing severally dated 22 October 1971, 29 November 1976, 1 November 1977, 4 November 1985 and 18 August 1988 (hereinafter collectively called "the JVA") competing with, or causing or allowing or participating in the manufacture, sale or distribution of product competing with those manufactured sold or distributed by the joint companies and in particular the manufacture, sale or distribution of the Golden Lion Shield Balm Products; and

(iv) making unlawful use of confidential or other information acquired by or entrusted to the 1st defendant as the Managing Director and Chief Executive of the Joint Companies relating to the business and production of Tiger Balm Products.

The interim order of 22 June 1990 in so far as it affects the 1st, 2nd and 5th defendant was by a subsequent order made on 10 August 199, varied to the extent that certain specified products of the defendants, which do not carry the trade name of Golden Lion Shield Balm, are expressly excluded from the operation of the order of 22 June 1990.

On 28 June 1990, the 1st, 2nd and 5th defendant applied to have the interim order made against them discharged or varied. On 31 October 1990 the 3rd, 4th and 6th defendant made a similar application. These are the two applications now before me.

The claim of the plaintiffs against the defendants is formulated broadly under three heads: (i) breach of fiduciary duty as regards certain confidential information; (ii) breach of contractual obligation; and (iii) passing-off. The 2nd plaintiff is now the licensee of the Tiger Balm products, for countries and territories not covered by the JVA.

During the hearing before me to discharge the injunction, the various containers of the Tiger Balm products and Lion Balm products were tendered to me for visual inspection. Samples of other balms were also handed to me. I have retained them for my further scrutiny in writing out this judgment.

The principles that govern an application like the present are set out in the landmark judgment of Lord Diplock in *American Cynamid v. Ethicon* [1975] AC 396. Before I go into an examination of the facts and see how the *American Cynamid* principles should be applied, I think it is imperative that I identify and/or set out some of the pertinent provisions of the JVA and other related agreements.

The Joint Venture Agreement and Other Related Agreements

The recital to the JVA state, *inter alia,* that (i) the 1st plaintiff "is the owner of the Tiger Brand trade marks and has been manufacturing, selling and distributing under such trade marks products known as Tiger Balm ... in various parts of the world"; (ii) Chia Holdings (HK) Ltd. "is manufacturing selling and distributing in various parts of the world pharmaceutical products through its subsidiary and associated companies and is desirous of expanding such business."

The JVA provides that all plants and machineries used by the 1st plaintiff in the manufacture of the Tiger Brand products are to be sold to Chia Holding (HK) Ltd. and they were so sold. The JVA expressly declares that the right to manufacture and sell Tiger Brand products in any country not covered by the agreement would continue to be the exclusive rights of the 1st plaintiff.

The following are some of other relevant provisions in the JVA:

Clause 1(g)

Upon the appointment of Jack Chia as the Managing Director of both the joint companies he shall be the Chief Executive responsible to the respective boards of the joint companies for their operation. Jack Chia shall not resign or otherwise terminate his appointment as such Managing Director same with the written consent of the parties hereto or on the grounds of mental or physical incapacity where the parties here to are satisfied that he is not capable of continuing so to act. Notwithstanding such mental or physical capacity or the demise of Jack Chia the terms of this agreement shall remain in full force and effect between the parties hereto.

Clause 10(a) and (b)

(a) Neither of the joint companies nor (the 2nd and 3rd defendants) nor any subsidiary, associated or parent company of (the 2nd and 3rd defendants) shall register or endeavour to register all or any of the Tiger Brand Trade Marks for any classification or class of goods in any territory where they are not already registered nor shall they or any of them manufactured, market or distribute or attempt to manufacture, market or distribute all or any Tiger Brand products in any territory whatsoever save strictly in accordance with the provisions of this agreement.

(b) Any and all Tiger Brand Trade Marks, including all trade names, used in relating to Tiger Brand Products, or any other products, whether such trade marks or trade names are registered now or in the future, and whether such trade marks or trade names are registered or not, shall be the absolute property of Haw Par, and (2nd and 3rd defendants) and the joint companies and neither of them shall question at any time or for any reason Har Par's title to and ownership of such trade marks and trade names.

Clause 14(b)

The joint companies shall ensure that the Tiger Brand products to be manufactured in terms of this agreement are so manufactured or processed at least the same quality and standard as those maintained by Haw Par for its present products and the joint companies shall ensure that the manufactures appointed under the provisions of Clause 4 hereof shall follow in every detail all instructions in respect of the manufacture of such products from time to time.

Clause 16

Provided always that in giving effect to his duties as ... Managing Director of the joint companies to implement the terms of this agreement and to promote the best interests of the joint companies, Jack Chia may hold any appointment ... not contrary to his duties hereunder.

Annexed to the JVA was a draft licence agreement to be entered into between the 1st plaintiff and HPEAT. Under Clause 3(b) it is provided that the 1st plaintiff:

shall make available to the licensee all formula, technical information, know-how, specifications and other data necessary for the manufacture of Tiger Brand products.

Under Clause 3(e) it is provided that:

the licensee shall treat as confidential all information and information supplied to it ... and shall ensure that such information and formulation are used solely to assist in the manufacture ... of the Tiger Brand products in accordance with this agreement while such agreement is in force.

The eventual licence agreement which was signed on 1 December 1972 by the 1st plaintiff and HPEAT was not in identicial terms with the draft annexed to the JVA; but there were many common features. In the recital the parties recognised that the 1st plaintiff possessed "certain technical information necessary for or used in the manufacture of the Tiger Balm products."

Clause 1(v) of the licence agreement provides:

(HPEAT) will label and package all products to be sold under the Tiger Brand Trade Marks strictly in accordance with instructions received from the (1st plaintiff) and will not place in use any other labels or packages in connection with the sale of such products without the previous approval of the (1st plaintiff)

Clause 2 of the licence agreement reads:

During the period of this agreement and at all times thereafter (HPEAT) shall treat as confidential all information and formulation supplied to it by the (1st plaintiff) ... and shall ensure that such information and formulation are used solely to assist in the manufacture ...

> of the Tiger Brand products under the Tiger Brand Trade Marks ... while this agreement is in force.

Similar provisions to these are to be found in the licence agreement signed on 5 January 1973 between the 1st plaintiff and HPTBI.

Fiduciary Duty/Confidential Information

I will now deal with the claim based on a breach of fiduciary duty as regards certain confidential information. In the light of the brief facts set out above it is quite clear that the plaintiffs and the first three defendants are in a joint venture, a venture to manufacture, promote, sell and develop the Tiger Brand products, including the Tiger Balm products, for mutual advantage and profit. The confidential information which would be furnished by the plaintiffs to the joint companies should only be used for the purpose of manufacturing the Tiger Brand products by the joint companies and not for any other purpose. Looking at the terms of the JVA, I am inclined to think that there is a fiduciary relationship between the participants to the joint venture agreements or there is at least an arguable case for it. The establishment of such a relationship was put in this way by Dawson J. in *United Dominions Corp. Pty. v. Brian Pty. Ltd.* [1985] 59 ALJR 676 at 681:

> Although the relationship between participants in a joint venture which is not a partnership will be governed by the particular contract rather than extrinsic principles of law, the relationship may nevertheless be a fiduciary one if the necessary confidence is reposed by the participants in one another. Of course, in a partnership the parties are agents for each other and this may constitute a separate reason for the fiduciary character of a partnership. There may be no such agency between participants in a joint venture but, as Dixon J. pointed out in *Birtchnell v. Equity Trustee* ... even in partnership it is really the mutual confidence between partnership which imposes fiduciary duties upon them and the same confidence may, in appropriate circumstances, be found to exist between participants in a joint venture.

In any event where information provided is to be considered as confidential, its use and disclosure under general law is to be limited to the purpose for which the information is given: see *Torrington Manufacturing v. Smith & Sons Ltd.* [1966] RPC 285 at 301.

It is next argued by the defendants that the plaintiffs have not shown that they have imparted confidential information to the first three defendants or the joint companies. The defendants say that the plaintiffs have not been able to identify with necessary precision any information which is confidential.

In further elaboration, the defendants aver that there is nothing confidential about the "manufacturing process" which they identified to consist of the following 5 stages:

(i) mixing active ingredients to form a concentrate;

(ii) mixing the base materials or excipient;

(iii) mixing the concentrate with the base materials;

(iv) filling the mixture into appropriate containers;

(v) packaging the product.

The plaintiffs' answer that that is not all. Those are the basic steps. What are confidential are the details relating to each step, for example, at what temperature the equipment used should be set; at which stage should each of the ingredients be added; and the duration the ingredients are to be kept in that state (see para. 43 of the affidavit of Tan Hee Chai affirmed on 16 November 1990).

In so far as the ingredients that are needed to manufacture the Tiger Balm products, the defendants submitted that there is nothing confidential about that because the ingredients are shown and printed on the product itself; they are matters of public knowledge. While that is true, it seems to me that that is not all. The ingredients that go into making a product is one thing, the process another. In this regard I need not go into a discussion about the judgment of Roxburgh J. in *Terrapin Ltd. v.Builders Supply Co. (Hayes) Ltd.* [1967] RPC 375 where the springboard doctrine was referred to and where he said:

> springboard it remains even when all the features have been published or can be ascertained by actual inspection by any member of the public

Perhaps this statement could be reconciled on the premise that information will not necessarily lose its confidentiality by the marketing of a product which embodies the information but which does not embody all the features of the information. That is precisely the situation here. The fact that the ingredients that go into the making of the product are disclosed on the packaging of the product does not mean that all the technical information/know-how needed to manufacture the product has become public knowledge.

In any event having regard to the express provisions in the JVA and the licence agreements which specifically refer to confidential information being imparted by the plaintiffs to the joint companies, I do not think it is possible for the Court at this interlocutory stage, without hearing oral evidence, to rule that the 1st plaintiff has not imparted any confidential information. Putting it at the lowest it is an issue to tried.

Before moving to the second ground, I should say this for completeness. Another aspect of confidential information referred to by the plaintiffs relates to pricing formula. I do not think there is anything very much in this aspect. I note that this information is made known to all sub-distributors and retailers.

Breach of Contractual Obligations

In so far as the 1st defendant is concerned the relevant provisions in the JVA are Clauses 1(g) and 16. Under Clause 1(g) of the JVA, the parties agreed to appoint the 1st defendant as the Managing Director and Chief Executive of both the joint companies. It is expressly provided that he "shall not resign or otherwise terminate his appointment as such Managing Director save with the written consent of the parties hereto or on the grounds of mental or physical incapacity where the parties hereto are satisfied that he is not capable of continuing so to act." What is just as significant is that the provisions went on to say that notwithstanding such incapacity or even the demise of the 1st defendant, the agreement "shall remain in full force and effect between the parties hereto."

Under Clause 16, the 1st defendant is allowed to hold any appointment in the 2nd and 3rd defendant, or in their subsidiary or associate companies, provided that they are "not contrary to his duties" as the Managing Director of the joint companies.

Under Clause 2 the joint companies are to take steps to protect the interests of the shareholders in the joint companies and to earn maximum profits.

As regards the position of the 2nd and 3rd defendants, under Clause 10(a) they (as successors to Chia Holdings (HK) Ltd. are estopped from manufacturing, marketing etc any Tiger Brand products in any territory save strictly in accordance with the provisions of the JVA. Under Clause 20(c) the obligation under Clause 10(a) shall continue notwithstanding the termination of the JVA.

Under Clause 12(b) the 2nd and 3rd defendant are obliged to use their best endeavours to improve the existing formulations of the Tiger Brand products.

Under para. 6 of the head of agreement the parties to the JVA "agree to implement the provisions of the same in the spirit of the joint venture and mutual cooperation and **will use their best endeavours to maximize the profit of the joint companies**" (Emphasis added).

In the light of these provisions, it seems to me abundantly clear that the 1st, 2nd & 3rd defendant are contractually bound to refrain from doing any act or engaging in activities which would undermine the business of the joint companies and this would include the manufacture of any products which is colourably similar to that of the Tiger Balm products. While it is true that there is nothing express in the JVA which prohibits the 1st defendant or his companies from being involved in other competitive products, in my view that must be implied. I ask this simple question: can one honestly say that he is maximizing the profits of the joint companies of the joint companies when he is also at the same time manufacturing similar get-up which will inevitably undermine the sales of the Tiger Balm products?

As an illustration to show that the 1st defendant and his companies have not put in their best efforts for the joint companies, the plaintiffs refer to the matter concerning the reduction of the camphor content prescribed by the Malaysian authorities. They ask how is it that the camphor content of the Lion Balm products are made in compliance with the new Malaysian ruling and yet the Tiger Balm products are being made with camphor content exceeding the limit allowed by the Malaysian authorities? The plaintiffs have asked me to draw the necessary inferences. The plaintiffs also alleged that the sales of the Tiger Balm products had dropped in 1989. They say it is not true that the sales of the Tiger Balm products for the first four months of 1990 had increased significantly. The plaintiffs have exhibited the management's accounts for the first seven months of 1990 to substantiate what they say.

A rather instructive case (though I must add that it was a case concerning partnership) which highlights the implied obligation of a co-venturer not to do anything in competition with the joint venture is *Lock v. Lynam* [1854] Ir Ch. 188, an Irish case. There the plaintiff and the defendant had agreed to share the profit and loss arising from contracts taken by the defendant for the supply of meat and bread to Her Majesty's forces in Ireland. While the agreement was in force the defendant entered into secret agreements with other persons to share with them the profit and loss accruing in respect of similar contracts entered into and taken by them. The defendant was ordered to account. The Lord Chancellor observed that in all cases of this kind the real question was whether, from the nature of the transaction between the partners, there was an express or implied contract against other dealings of a like character; and that although there was no engagement not to enter into any other partnership of the same kind still it never could have been in the contemplation of either of the parties that one partner should, in his own name or in that of any other person, adopt contracts to the prejudice of the other's interest.

I agree that there is nothing in the JVA or in other related agreements which expressly precludes the 1st defendant from engaging in other business. I think it lies ill in the mouth of the 1st defendant, while he remains the managing director and Chief Executive Officer of the joint companies to say that he is entitled to be involved in ventures or activities which will directly effect the sales and profits of the joint companies.

Passing-off

I now turn to examine the third head of the plaintiffs' claim. The essential ingredients which must be present in order to mount an action for passing off have been identified by Lord Dipock in *Wanink v. Townend & Sons* [1979] AC 731 at 742 to be (i) a misrepresentation; (ii) made by a trader in the course of trade (iii) to prospective customer of his or ultimate consumers of his or ultimate consumer of goods or services supplied by him; (iv) which is calculated to injure the business or goodwill of another trader; and (v) which cause actual damages to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.

The main complaint of the plaintiffs here is that the get-up of the Lion Balm products is too similar to that of the Tiger Balm products. The plaintiffs allege that the get-up of Lion Balm products copies the get-up of the Tiger Balm products in the following respects:

(i) the glass container of the Lion Balm is hexagonal in shape and similar in size with its logo at the bottom of the container;

(ii) the packaging of the container of the Lion Balm is similar in style, colour and design. The label and the top-seal are of a jagged-edge tooth format. The whole packaging is then sealed by two circular seals containing the logo;

(iii) the colour of the "screw-on" cover of the hexagonal container of the Lion Balm is of the same made shade of bronze;

(iv) the "screw-on" cover is similarly embossed, albeit with its different logo.

I note that there are some differences in detail in the two get-ups. I do not think that those differences are sufficient to avoid confusion or deception. The defendant have not explained why the get-up of the Lion Balm products has to be in so many ways similar to those of the Tiger Balm products.

It is not necessary for passing-off that every part of the get up should be imitated. In the present case the adoption of a phonetically similar Chinese name for the Lion Balm further aggravates the situation. It is common usage to refer to the Tiger Brand products by asking for them in retail outlets as "Wan Jin You" and not their full titles in Mandarin. Of all possibilities, the defendants chose to call their Lion Balm products "Wan Yin You". I think our case here is very close to *Reckitt & Colman Ltd. v. Borden Inc.* [1990] 1 WLR 491 which concerned lemon juice sold in yellow plastic squeeze packs resembled in size, shape and colour of a natural lemon. There the Court granted the plaintiff an injunction to restrain the defendant from producing lemon-shaped containers for selling lemon juice. Lord Oliver put the issue thus:

> In the end, the question comes down not to whether the respondents are entitled to a monopoly in the sale of lemon juice in natural size lemon-shaped containers but whether the appellants, in deliberately adopting, out of all the many possible shapes of container, a container having the most immediately striking feature of the respondent's get-up, have taken sufficient steps to distinguish their products from that of the respondent.

He did not think that the test of putting the two products side by side to see whether a person with reasonable apprehension and proper eye-sight would be deceived, as advocated by Lord Halsbury LC in *Schweppes Ltd. v. Gibbens* [1905] 22 RPC 601, was correct. Lord Oliver said (at p. 509):

> The essence of the action for passing off is a deceit practised upon the public and it can be no answer, in a case where it is demonstrable that the public has been or will be deceived that they would not have been if they had been more careful, more literate or more perspicacious. Customer have to be taken as they are found.

I accept that a careful purchaser would be able to differentiate between the Tiger Balm products and the Lion Balm products. I do not think that is an answer to an action for passing-off if people are deceived or are likely to be deceived. The obligation is on the defendant to show that he has taken steps to ensure that there will be no confusion. As Romer LJ observed in *Payton & Co. v. Snelling, Lampard & Co.* [1899] 17 RPC 48 at 56:

> ... when one person has used certain leading features, though common to the trade, if another person is going to put goods on the market, having the same leading features, he should take extra care by the distinguishing features he is going to put on his goods, to see that the goods can be really distinguished ... .

I would also adopt what Warrington J. said in *Schweppes Ltd. v. Gibbens* [1905] 22 RPC 113 at 119:

> ... it is sufficient to enable the plaintiff to succeed if he can show that the get-up, the label, or whatever it may be, is of such a nature as is calculated to enable the retail vendor to deceive the ultimate customer.

Considering the get-up and the shape and size of the two jars, and the phonetic similarity in the Chinese names of the two products, I can not help but feel that the defendant have deliberately tried to take advantage of the goodwill of the Tiger Balm products and what was done was calculated to enable a passing-off to take place. This is really a case of "cashing-in" now that the JVA is due to expire. This is all the more so when we bear in mind that a fairly substantial proportion of the population in Singapore are Chinese educated and quite a proportion of the elderly people in Singapore are illeterate. For those people I think the get-up is all that matters. Having seen the jars in which the two products are sold to the public, I have no doubt that the similarity is likely to cause confusion or, to adopt the words of Warrington J. in *Schweppes Ltd.* to cause the retail vendor to deceive the ultimate purchaser. In short the get-up of the Lion Balm products in deceptively similar to that of the Tiger Balm products. All the more so when it is noted that the two products are manufactured, distributed and sold by the 1st defendant's group of companies. There is no need to prove actual deception: see *White Hudson v. Asian Organization* [1965] 31 MLJ 186. It is sufficient if the evidence shows that there is such similarity as to be calculated to cause confusion in the mind of the public.

For the purposes of comparison only, as passing off is generally a question of fact, I would refer to the case *Fison Ltd. v. EJ Godwin Peat Industries Ltd.* [1976] RPC 653 which concerned growing bags used for planting seedling. The plaintiffs' bag was partly overprinted with horticultural decorations and marked "Fisons Grobag" in bold letters. The defendants' bag also had similar decorations printed on it but it bore the legend "Godwin's Crop-bag". Brightman J refused an interlocutory injunction and explained it thus:

> I prefer to trust my own eyes. There are obvious similarities between the two bags but it seems to me inconceivable that anyone seeing a growing bag described in very bold letters as "Godwin's Crop bag" could possibly suppose that it was a "Gro-bag" produced by Fisons, or that anyone buying a growing bag for the Fison design could fail to observe that it was a Fison product, so prominently displayed is the name "Fison". If the Fison "Gro-bag" produced by "Fisons" or if the name "Godwin" had not been so prominently displayed, I might well have reached a different conclusions.

I would respectfully agree with Brightman J. in *Fisons*. The situation there was quite different from that in the present case. In *Fison's* the distinguishing features stood out; not so in the present case.

Equally illustrative is the local case *White Hudson v. Asian Organization Ltd.* [1965] 31 MLJ 186 which concerned an action to prevent passing-off of medicated sweets. The plaintiff's sweets were wrapped in red colour cellophane wrappers on which was printed the name "Hacks". The defendant imported into Singapore medicated sweets manufactured in Holland which were of similar size, shape and colour to those of the plaintiff and were wrapped in red coloured wrapper which was printed with the name "Petco". The High Court of Singapore granted an injunction.

It is submitted by the defendant that the get-up and/or the size/shape of the jar are used by the Tiger Balm products are not peculiar to those products only. It is contended that other products have similar get-up. In answer to that the plaintiffs have in Exh. "THC-12" to the affidavit of Tan Hee Chai, affirmed on 16 November 1990, identified the similarities between the get-up of the various balms alleged by the defendants to be in the market. From that one can see that the Lion Balm get-up is most similar to that of the Tiger Balm. The only other balm that come close is "Lion Balm Dong Woon". The balm does not appear to be available in Singapore; the defendants have not been able to identify where that balm could be obtained in Singapore. Even in respect of the "Lion Balm Dong Woo", on that product being imported into the United States, the plaintiffs have taken action in the Californian Court to restrain the owners or manufacturers of that balm. I am persuaded that the get-up of the Tiger Balm products is distinctive and has been identified with those products.

Then there is the argument that the shape/size of the hexagonal jar is not something that is capable of being protected in law. Reference was also made to *In Re Coca Cola Co.* [1986] 1 WLR 695. All I need say in answer to that is to quote this passage from Lord Oliver's judgment in *Reckitt & Colman Products* at p. 504:

> Whether in fact the particular shape or configuration of the very object sold by a trader is incapable as a matter of law of protection in a case where it has become associated exclusively with his business is a proposition which is at least open to doubt. The decision of Buckley J in *R.J. Elliott & Co. Ltd. v. Hodgson* [1902] 19 RPC 518 suggest the contrary, although it has been doubted: see *Cadbury Ltd. v. Ulmer G.m.b.h.* [1988] FSR 385. It is clear at least from the decision of this House in *William Edge & Sons Ltd. v. William Niccols & Sons Ltd.* [1911] AC 693 that where the article sold is conjoined with an object which, whilst serving the functional purpose of enabling the article to be more employed, is of a shape or configuration which has become specifically identified with a particular manufacturer, the latter may be entitled to protection against the deceptive use in conjunction with similar articles of objects fashioned in the same or a closely similar shape.
>
> I find it, however, unnecessary to pursue the question further for there is, to my mind, a fallacy in the argument which begins be identifying the contents with the container and is summarised in the central proposition that "you cannot claim a monopoly in selling plastic lemons." Well, of course you cannot any more than you can claim a monopoly in the sale of dimpled bottles. The deception alleged lies not in the sale of the plastic lemons or the dimpled bottles, but in the sale of lemon juice or whisky, as the case may be, in containers so fashioned as to suggest that the juice or the whisky emanates from the source with which the containers of those particular configurations have become associated in the public mind.

On the evidence before me, I am satisfied that a reasonable strong case has been made out by the plaintiffs that the peculiar get-up of the Tiger Balm products has become associated exclusively with the plaintiffs' business. In coming to this view I have borne in mind the following observation made by Lord Watson in *John Haig & Co. v. Forth Blending Co. Ltd.* [1953] 70 RPC 259 at 261:

> No trader by adopting and using a particular style of get-up thereby acquires a right to prevent a rival or second trader using the same or a similar get-up unless the get-up of the first trader has become so associated in the minds of the public with the first trader's goods as to be distinctive of the goods of the first trader and of no other.

In any event on the facts it is abundantly clear to me that the plaintiffs have established at least an arguable case of passing-off.

Locus Standi

Before I leave the subject of passing-off, I have to consider the question of *locus standi*. It is argued for the defendants that the plaintiffs have no *locus* to sue for passing-off since the plaintiffs have granted exclusive right to manufacture and sell Tiger Balm products in Singapore and Malaysia to the joint companies. If anyone is entitled to take action for passing-off it is the joint companies. Fiduciary relationship exists only as between the 1st defendant and the joint companies. However, the defendants concede that prior to the incorporation of the joint companies direct fiduciary obligations might have been owed by the 1st defendant to the plaintiffs but not thereafter. The defendants say past reputation is not good enough and without trading there is no reputation. They argue that passing-off does not confer monopoly rights in any names, marks or get-ups nor does it recognize them as property in their own right; damage is essential to passing-off in that for a misrepresentation to be actionable it must be calculated to cause damage to the plaintiff's goodwill.

The reply of the plaintiffs to this submission is as follows. They say that under the JVA and the licence agreements it is clear that what is granted to the joint companies is only an exclusive right to manufacture and sell in this region (and some others) for a duration of twenty years expiring in December 1991. During the JVA period the plaintiffs are entitled to royalty and other payments from the joint companies. On the expiry of that period the goodwill and business will revert to the plaintiffs. They have already given notice to the defendants that there would be no extension or renewal of the JVA. Further, the plaintiffs retain their exclusive rights in the business and goodwill of the Tiger Balm product in all other parts of the world. Accordingly, the plaintiffs are entitled to enforce their rights in the goodwill against all, apart from the joint companies, who are not entitle to manufacture and sell Tiger Balm products.

The plaintiffs rely on the case *Warnink v. Townend & Sons* [1979] AC 731 where the House of Lords held that the fact that the goodwill attaching to the use of a name as a description of a product was shared by a number of traders did not preclude one of the trader from successfully suing on it. Very much the same principle was applied in *Dent v. Turpin* [1861] 2 J & H 139 where Page-Wood V-C said that:

> it is quite enough to aver, as the bill does, that these articles were manufactured and marked with the trade mark in question without the consent of the plaintiff or of the other persons entitle to use the name of Dent.

Dent v. Turpin clearly show that a plaintiff need not have an exclusive right to use the mark if the defendant has no right to it at all.

In *Alfred Dunhill v. Sunoptic S A* [1979] FSR 337 the Court of Appeal held that although the plaintiff did not sell sunglasses or spectacle frames in the United Kingdom and were only involved in negotiations with a view to entering that market it did not preclude the plaintiff from obtaining an injunction restraining the defendant from advertising and selling sunglasses and spectacle frames under the trade marks "CD Christopher Dunhill-London". For years the plaintiffs' business in the UK and elsewhere was in the sale of tobacco products, smokers' requisites and a wide range of luxury goods.

A rather interesting case is *Star Industrial Co. Ltd. v. Yap Kwee Kor* [1976] FSR 256 a decision of the Privy Council. There the plaintiff, a Hong Kong company, manufactured toothbrushes with a characteristic get-up of which a prominent features was the words "ACE BRANCH". Prior to 1965, the plaintiff exported the toothbrushes to Singapore for purposes of re-export to Malaysia and Indonesia. There was evidence that some of the toothbrushes ware sold in Singapore. The plaintiff had no registered trade mark in Singapore. With the imposition of import duties, the plaintiff ceased exporting the toothbrushes from Singapore in 1965. In 1968, the defendant formed a company with a name similar to that of the plaintiff and marketed toothbrushes under a get-up very similar to that of the plaintiff - instead of "ACE" the defendant used "AGE". The evidence showed that the plaintiff had no intention of itself resuming this part of the former trade. Instead, they assigned their residual goodwill in Singapore together with the right of user of the mark on an exclusive basis to a company in Singapore in which the plaintiff owned half the equity. Choor Singh J. in the High Court said (at p. 264):

> The plaintiff company, not having evinced any intention of manufacturing ACE Brand toothbrushes in Hong Kong for export to Singapore and not having, at present, any trade in such toothbrushes in Singapore, cannot under the circumstances, succeed in a claim for passing-off against the defendant or any other person because they have no trade which is being injured or going to be injured by the conduct of the defendant.

When the case went up on appeal to the Privy Council, Lord Diplock after stating that a passing-off action is a remedy for the invasion of a right of property not in the name, or get-up, improperly used, but in the business or goodwill likely to be injured by the misrepresentation made by the passing-off one person's goods as the goods of another, said:

> Goodwill, as the subject of proprietary rights, is incapable of subsisting by itself. It has no independant existence apart from the business to which it is attached ... Once the Hong Kong company had abandoned that part of its former business that consisted in manufacturing toothbrushes for export to and sale in Singapore it ceased to have any propreitory right in Singapore which was entitled to protection in any action for passing-off brought in the Courts of that country.

I would emphasis the word "abandoned" in the above passage. That factor is certainly absent in our present case.

In *Metric Resources Corporation v. Leasemetrix Ltd.* [1979] FSR 571, Megarry V-C reviewed a number of the earlier cases concerning the question whether foreign companies with no place of business in England might have such a reputation in its name in England as to justify the grant of an injunction to restrain passing-off. He felt that the *Star Industrial* case did not really decide that the owner of a business carried on outside a jurisdiction could establish no protectable goodwill within it before beginning to trade there. At least he felt there was some doubt on the point.

Finally, I would like to refer to a certain passage which appears at p. 361 in *Kerly on the Law of Trade Marks and Trade Names* (12th Edn.) which seems to have a bearing on the present issue:

> A foreign manufacturer who does not trade in this country but whose goods are sold in this country, may well acquire a protectable goodwill in his trade name or trade marks. There will then be what in principle is a pure question of fact, whether the goodwill is that of the foreign manufacturer or the British importer. This is the sort of question of fact on which a Court's finding is easily influenced by its feelings as to the merits of the case; the objection that an importer has no independent goodwill, so often successful when raised on behalf of the manufacturer or of a trader dealing in the manufacturer's own goods, is likely to be brushed aside as a mere technicality when made by a defendant having no connection with the 'genuine' goods.

Whatever it is, the position of the plaintiffs here is certainly unique. At this stage of the proceeding, I do not think I need to give a firm decision on the issue. As Lord Diplock said in *American Cyanamid*, it was no part of the Court's function of this stage of the litigation "to decide difficult questions of law which call for detailed argument and mature consideration." It is certainly an arguable point whether the plaintiffs have *locus* to institute this action and that would suffice. Indeed, I would be inclined to think that in the circumstances the plaintiffs have a protectable goodwill. There is certainly a serious question to be tried. There is nothing frivolous or vexatious in the plaintiffs' claim. They have a real cause for concern as to what the defendants are now embarking to do.

The above is the position under passing-off. In so far as the claim rests on breach of contract and/or breach of fiduciary duty there can be no question that as owners of the goodwill and confidential information the plaintiffs are entitled to an order to restrain the first three defendants from acting in breach of their obligations. Under the JVA the goodwill and confidential information are intended only for the use of the joint companies and no one else. Even tough on the expiry of the JVA an action can no longer be based on breach of contract, the fiduciary duty to maintain confidential information nevertheless continues.

There is another basis upon which the 1st defendant may be restrained. The plaintiffs, as the persons whose interests as shareholders in one of the joint companies, HPEAT, would be affected by the conduct of the 1st defendant may apply under s. 409A of the Companies Act for an injunction restraining the 1st defendant from engaging in conduct which constitutes a contravention of the Act. The Court is also given the power, if it consider it desirable to grant an interim injunction. The 1st defendant is the Managing Director and the Chief Executive Officer of the joint companies. Under s. 157(1) of the Act a director is required to act honestly and use reasonable diligence in the discharge of the duties of his office. By making use of the confidential information for the manufacture of the Tiger Balm products for his own benefit and in creating a rival balm with a similar get-up as that of the Tiger Balm products (assuming these are eventually proven at the trial), it seems to me that the 1st defendant could not be acting in the interest of the joint companies, nor was he acting honestly. Further, under s. 157(2) of the Act, an officer of a company shall not make improper use of any information acquired by virtue of his position as an officer to gain, directly or indirectly, an advantage for himself or for any other person or to cause detriment to the company. What the 1st defendant has done as aforesaid would appear also to contravene this provision.

Balance of Convenience

I now turn to examine the question of balance of convenience. This really boils down to determining whether damages would be an adequate remedy for the plaintiff. The defendants say that damages would be adequate and could be based "on any decrease in royalty fees paid to the plaintiff under the JVA assuming the decrease is attributable to the decrease in sales of the Tiger Balm products as a result of the introduction of the Golden Lion Shield products"; such decrease is easily quantifiable. There is no evidence of uncompensatable loss. The defendants contend that on the other hand, if the interim injunction is to continue there would be considerable difficulties in determining the losses of the defendants; how would it be possible to ascertain the quantity of the Lion Balm products that would be sold. In addition, the defendant would suffer in loss of goodwill and reputation.

The case relied on by the defendants is *Boots Co. Ltd. v. Approved Prescription Services Ltd.* [1988] FSR 45. There the English High Court found that the plaintiffs had established an arguable case of passing off. The products in question was a drug called ibuprofen (trade name: BRUFEN) in the form of magenta coloured pills of a particular shape. However, the Court refused to grant an interlocutory injunction on a balance of convenience. The Court of Appeal upheld the decision of the Judge and held that if the plaintiff succeeded in the action they could be adequately compensated in damages for loss of sales prior to the grant of the permanent injunction. The measure of damages would be the profits of the magenta pills which were sold by the defendants and ought to have been sold by the plaintiffs and of that there would be a record. The plaintiffs would not suffer loss of goodwill involving incalculable damage after an injunction restoring their monopoly. In contrast, if an injunction were granted and the action failed the defendants would never be able to prove with any certainty how many pills they would have sold had the injunction not been granted.

It seems that there are a number of special features in the *Boots* case. First, the quality of the pills produced by the plaintiffs and the defendants was the same. Therapeutically there was no difference between the two. Second, the pills were only obtainable on prescription. If the doctors prescribed BRUFEN the patient would be given BRUFEN. Alternatively, the doctor could prescribe the drug by its generic names, in which case the pharmacist might produce either BRUFEN or some other manufacture of the drug. Third, the product being a drug and subject to control, there was no serious risk that a refusal of the injunction would encourage other competitors to enter the market before the trial.

Now the approach to take in this regard was stated by Lord Diplock in *American Cynamid* [1975] AC 396 as follows (at p. 408):

> the governing principle is that the Court should first consider whether, if the plaintiff were to succeed at the trial in establishing this right to a permanent injunction, he would be adequately compensated by an award of damages for the loss he would have sustained as a result of the defendant's continuing to do what was sought to be enjoined between the time of the application and the time of the trial. If damages in the measure recoverable at common law would be adequate remedy and the defendant would be in a financial position to pay them, no interlocutory injunction should normally be granted, however strong the plaintiff's claim appeared to be at that stage.

On the facts of this case I am of the view that it would be difficult to assess whether damages would be an adequate remedy for either party. I do not accept that the loss to the plaintiffs could be easily quantified and it could be based on the sales of the Lion Balm products. The defendants are not saying that they would pay damages based on their sales of the

Lion Balm. Even on the defendants own arguments they have added the proviso "**assuming** the decrease is attributable to the decrease in sales of the Tiger Balm products as a result of the introduction of The Golden Lion Shield products." That is really begging the question, Further we don't know how good or effective is the Lion Balm, If it were not as good as the Tiger Balm, then the damage done to the goodwill of Tiger Balm, following the confusion, would be quite difficult to quantify. The consumer might lose faith in Tiger Balm products and switch to something else. The long term effect would be quite difficult to estimate.

In so far as the financial position of the parties are concerned, it is clear that both plaintiffs and the 1st defendant and 2nd defendants are parties of substance and good for their undertakings. The defendants made the point that the plaintiffs have not expressly disposed that they have funds to meet the damages that could be suffered by the defendants. It is a matter of general knowledge that the two plaintiffs are public listed companies. The 1st plaintiff has been established for a long time. Further, from the JVA arrangements there will also be royalties and other sums due to the plaintiffs.

On the other hand the defendants have just started on the Lion Balm products. There is no question of their having to close down any factories or laying off workers as those facilities and personnel are still required to produce the Tiger Balm products until December 1991. In fact the facilities and personnel are also being used by the defendants to produce other products not the subject of this action.

In any event, in the passage of Lord Diplock which I have quoted above, he said in a case where damages would be an adequate remedy no interlocutory injunction should "normally be granted". So what he had declared is not an absolute rule. Taking into account the special circumstances of the present case and considering that the defendants have of their own free will deliberately chose to manufacture a product in direct competition with Tiger Balm and with a get-up which is likely to confuse or deceive, I think I ought not to allow the defendants to carry on causing confusion even assuming that the damages which the plaintiffs would suffer could be fairly calculated.

I am conscious that the Court should not stifle business competition; but such competition must be fair and no undue advantage taken.

For all the above reasons, I would order the continuation until trial of the interim injunctions granted on 22 June 1990 as modified by the order of 10 August 1990. Of course, a case of this kind ought to be heard speedily and I would accordingly order an early trial. As regards to the costs of this hearing, I order that costs be in the cause.

Miscellaneous Points

There remain a few miscellaneous points which I ought to touch on briefly. The first relates to the affidavits affirmed by Mr. Tan Hee Chai (THC). The defendants say that some paragraphs in his affidavits offend the rule in O. 41 r. 5(2), as he did not identify the source of his information. Further, some of the paragraphs consist of arguments/opinions rather than facts. In all three affidavits affirmed by THC, he said that what he deposed to were from information and knowledge acquired by him personally unless otherwise stated. The contention of Counsel for the defendants is that THC was with the plaintiffs in 1971; so the facts relating to the events in 1971/1972 could not be within his personal knowledge. Further, some of the facts deposed to are technical and it is not stated that he has the technical competence. It seems to me that knowledge/information acquired by THC from the records maintained by the plaintiffs is no less information and knowledge acquired by him. Even if

I were wrong here, the defect is extremely slight. The fault of THC was in not stating expressly that the information was also obtained from records maintained by the plaintiffs, which is the formulation used in the defendant's affidavits. In any case, the events which are crucial for the present proceedings are all set out in the JVA and other agreements and the contents of those instruments are not disputable or are not disputed. As regards the complaint that the affidavits contained arguments/opinions, I am afraid this flaw is to be found in the affidavits of both sides. This, of course, should not be the case.

Then there is the question of delay. The defendants say that there was delay on the part of the plaintiffs in coming to Court for relief. Let me quickly recount the critical facts. On 8 March 1990, at the meeting between Dr. Hong Hai and Mr. Donald Chia, the plaintiffs were assured that the new products would not be in direct competition with the Tiger Balm products. The first public advertisement of the new products appear in the 1 May 1990 issue of the NTUC News. On 15 May 1990 the plaintiffs, through their solicitors, wrote a letter to the 1st defendant, which was copied *inter alia*, to the 2nd and 3rd defendants, complaining about the passing-off, breach of contractual obligations and fiduciary duty and unlawful use of confidential information. The letter demanded that the 1st defendant and his companies cease the infringing act, failing which action would be taken by the plaintiffs against them. Correspondence followed between the solicitors for the two sides. The writ was filed on 19 June 1990 and the interim orders obtained on 22 June 1990. The plaintiffs have not explicity stated what was the date on which they actually came across the Lion Balm products in the markets. On these facts I do not think there has really been any undue delay on the plaintiffs' part in instituting this action and if there is any delay, it is only a very slight one and not one of such an inordinate nature as to warrant disentitling the plaintiffs to interlocutory reliefs.

The last point that I would touch on is the argument that the interim injunction obtained against the 1st defendant is effectively a mandatory injunction. I do not see any merit in that. The injunction does not compell the 1st defendant to do any act. The 1st defendant is quite free to do anything he wishes other than those he is injuncted from doing.

Also found at [1991] 2 CLJ 1243